



February 28, 2003

SENATE BILL No. 463

DIGEST OF SB 463 (Updated February 27, 2003 11:11 AM - DI 104)

Citations Affected: IC 12-7; IC 12-15; noncode.

Synopsis: Medicaid case mix reimbursement changes. Establishes target statewide average occupancy rates for health facilities that receive Medicaid funding. Requires the office of Medicaid policy and planning to: (1) define "fixed costs" and "variable costs" for the state Medicaid case mix reimbursement system; and (2) work with the health facility associations to develop a process for prospective delicensure of health facility beds.

Effective: Upon passage; July 1, 2003.

Dillon

January 21, 2003, read first time and referred to Committee on Health and Provider Services.

February 20, 2003, amended, reported favorably — Do Pass; reassigned to Committee on Finance.

February 27, 2003, amended, reported favorably — Do Pass.

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SB 463—LS 7808/DI 104+



February 28, 2003

First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

SENATE BILL No. 463

A BILL FOR AN ACT to amend the Indiana Code concerning Medicaid.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 12-7-2-189.8 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2003]: **Sec. 189.8. "Target statewide average**
4 **occupancy rate", for purposes of IC 12-15-14, means the goal for**
5 **the percentage of occupied licensed health facility beds in Indiana.**
6 SECTION 2. IC 12-15-14-2, AS AMENDED BY P.L.160-2001,
7 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
8 JULY 1, 2003]: Sec. 2. (a) Payment of nursing facility services shall be
9 determined in accordance with 42 U.S.C. 1396a(a)(13)(A) and any
10 other applicable federal statutes or regulations governing such
11 payments.
12 (b) The office may not require a provider to submit non-Medicaid
13 revenue information in the provider's annual historical financial report.
14 Non-Medicaid revenue information obtained by Medicaid auditors in
15 the course of their audits may not be used for public reporting
16 purposes.
17 (c) The office may only request complete balance sheet data that

SB 463—LS 7808/DI 104+



1 applies directly to the provider's facility. Complete balance sheet data
2 acquired by the office under this subsection:

3 (1) is confidential; and

4 (2) may only be disclosed:

5 (A) in the aggregate; or

6 (B) for an individual facility;

7 if the office removes all non-Medicaid data.

8 (d) **The following target statewide average occupancy rates**
9 **apply to a health facility that is licensed under IC 16-28 and**
10 **receives Medicaid payments:**

11 (1) **For calendar year 2004, the target statewide average**
12 **occupancy rate is seventy-five percent (75%).**

13 (2) **For calendar year 2005, and after December 31, 2005, the**
14 **target statewide average occupancy rate is eighty-five percent**
15 **(85%).**

16 (e) **The office may adopt statewide policies to facilitate**
17 **achievement of the target statewide average occupancy rate. These**
18 **policies may include changing the Medicaid reimbursement system.**

19 (f) **The office of the secretary shall adopt rules under IC 4-22-2 to**
20 **implement the reimbursement system required by this section.**

21 **SECTION 3. [EFFECTIVE UPON PASSAGE] (a) As used in this**
22 **SECTION, "office" refers to the office of Medicaid policy and**
23 **planning established by IC 12-8-6-1.**

24 (b) **Before July 1, 2003, the office shall define the following for**
25 **the state Medicaid case mix reimbursement system:**

26 (1) **Fixed costs.**

27 (2) **Variable costs.**

28 (c) **The office shall work with the health facility associations to**
29 **develop a process for prospective delicensure of health facility**
30 **beds.**

31 (d) **This SECTION expires December 31, 2004.**

32 **SECTION 4. An emergency is declared for this act.**

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COMMITTEE REPORT

Mr. President: The Senate Committee on Health and Provider Services, to which was referred Senate Bill No. 463, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, between lines 5 and 6, begin a new paragraph and insert:

"SECTION 2. IC 12-7-2-189.8 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: **Sec. 189.8. "Target statewide average occupancy rate", for purposes of IC 12-15-14, means the goal for the percentage of occupied licensed health facility beds in Indiana.**

SECTION 3. IC 12-15-14-2, AS AMENDED BY P.L.160-2001, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 2. (a) Payment of nursing facility services shall be determined in accordance with 42 U.S.C. 1396a(a)(13)(A) and any other applicable federal statutes or regulations governing such payments.

(b) The office may not require a provider to submit non-Medicaid revenue information in the provider's annual historical financial report. Non-Medicaid revenue information obtained by Medicaid auditors in the course of their audits may not be used for public reporting purposes.

(c) The office may only request complete balance sheet data that applies directly to the provider's facility. Complete balance sheet data acquired by the office under this subsection:

- (1) is confidential; and
- (2) may only be disclosed:
 - (A) in the aggregate; or
 - (B) for an individual facility;

if the office removes all non-Medicaid data.

(d) **The following target statewide average occupancy rates apply to a health facility that is licensed under IC 16-28 and receives Medicaid payments:**

- (1) **For calendar year 2004, the target statewide average occupancy rate is seventy-five percent (75%).**
- (2) **For calendar year 2005, the target statewide average occupancy rate is eighty-five percent (85%).**
- (3) **After December 31, 2005, the target statewide average occupancy rate is ninety percent (90%).**

(e) **The office may adopt statewide policies to facilitate achievement of the target statewide average occupancy rate. These**



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policies may include changing the Medicaid reimbursement system.

(f) The office of the secretary shall adopt rules under IC 4-22-2 to implement the reimbursement system required by this section."

Page 2, between lines 32 and 33, begin a new paragraph and insert:

"SECTION 7. [EFFECTIVE JULY 1, 2003] (a) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(b) Beginning in 2004, the office shall report the following to the select joint commission on Medicaid oversight established by IC 2-5-26-3 not later than October 31 of each year:

(1) A summary of any Medicaid program policy that was implemented the preceding calendar year in order to facilitate achievement of the target statewide average occupancy rate described in IC 12-15-14-2, as amended by this act.

(2) The most current statewide average health facility occupancy rates following the implementation of a policy described in subdivision (1).

(3) Any Medicaid program policy change that the office is considering to achieve the target statewide average occupancy rate described in IC 12-15-14-2, as amended by this act.

(c) This SECTION expires December 31, 2006."

Page 2, line 33, after "(a)" insert **"As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.**

(b)".

Page 2, line 40, delete "(b)" and insert **"(c) If an increase in the federal financial participation that is generated through changing the methodology in implementing an intergovernmental transfer by a county health facility occurs, the office shall use the increase in funds to supplement Medicaid reimbursement for health facilities under the following:**

(1) IC 12-15-14-6;

(2) IC 12-15-14-7; and

(3) IC 12-15-14-8;

all as added by this act.

(d)".

Page 3, line 5, delete "(c)" and insert **"(e)".**

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Renumber all SECTIONS consecutively.

and when so amended that said bill do pass and be reassigned to the Senate Committee on Finance.

(Reference is to SB 463 as introduced.)

MILLER, Chairperson

Committee Vote: Yeas 9, Nays 0.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Finance, to which was referred Senate Bill No. 463, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 1 through 5.

Page 2, line 18, after "2005," insert **"and after December 31, 2005,"**

Page 2, delete lines 20 through 21.

Page 2, delete lines 27 through 42, begin a new paragraph and insert:

"SECTION 4. [EFFECTIVE UPON PASSAGE] (a) As used in this SECTION, "office" refers to the office of Medicaid policy and planning established by IC 12-8-6-1.

(b) Before July 1, 2003, the office shall define the following for the state Medicaid case mix reimbursement system:

(1) Fixed costs.

(2) Variable costs.

(c) The office shall work with the health facility associations to develop a process for prospective delicensure of health facility beds.

(d) This SECTION expires December 31, 2004."

Delete page 3.

Page 4, delete lines 1 through 29.

Re-number all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 463 as printed February 21, 2003.)

BORST, Chairperson

Committee Vote: Yeas 15, Nays 0.

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